

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08

CEA-02 L-03 H-03 PA-04 USIA-15 PRS-01 PM-07 COA-02

DRC-01 NIC-01 /168 W

----- 048932

R 060855Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8597

INFO USLO PEKING

AMCONSUL HONG KONG

AMEMBASSY TAIPEI

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E.O. 11652: N/A

TAGS: ETRD,JA, CH

SUBJ: GOJ/PRC TRADE AGREEMENT REPORTED READY FOR SIGNING IN  
MID-DECEMBER

REF: TOKYO 14557

SUMMARY: JAPANESE NOW CONFIDENT GOJ/PRC TRADE AGREEMENT WILL  
BE INITIALED IN DECEMBER. PLANS NOT YET FIRM FOR MANNER IN  
WHICH FORMAL SIGNING WILL OCCUR. REMAINING THREE AREAS FOR  
AGREEMENT CITED IN SEPTEMBER COMMUNIQUE--AVIATION, SHIPPING,  
AND FISHING-- STILL APPEAR UNLIKELY BE RESOLVED IN NEAR FUTURE.  
END SUMMARY.

1. JAPANESE PRESS HAS REPORTED THAT, WITH EXCEPTION OF CERTAIN MINOR WORDING CHANGES, GOJ/PRC TRADE AGREEMENT NOW COMPLETED. FINAL ADJUSTMENTS IN WORDING EXPECTED SOON AND GOVERNMENT SOURCES ARE QUOTED AS PREDICTING AGREEMENT WILL

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BE INITIALED AROUND DECEMBER 20. PRESS SPECULATES THAT

AGREEMENT WILL BE FORMALLY SIGNED BEFORE END OF YEAR, BUT THAT RATIFICATION MAY BE DELAYED UNTIL AVIATION AGREEMENT SETTLED.

2. BOTH YOSHIO UCHIDA, DIRECTOR NORTH ASIA DIVISION MITI, AND KAZUO OGURA, DEPUTY HEAD CHINA DIVISION FONOFF, HAVE CONFIRMED VALIDITY OF PRESS REPORTS, BOTH STRESS, HOWEVER, THAT WHILE JAPANESE VIEW IS THAT REMAINING WORDING PROBLEMS ARE NON-SUBSTANTIVE AND EASILY RESOLVED, ACTUAL TIMING OF INITIALING OF TRADE AGREEMENT WILL DEPEND UPON CHINESE. AGREEMENT CONTAINS MFN CLAUSE, BUT MORE DIFFICULT ISSUE OF INDUSTRIAL AND IMPORT SAFEGUARDS HAS NOT BEEN INCLUDED. LATTER POINTS CAN BE ADDRESSED IN COMMISSION ESTABLISHED UNDER TRADE AGREEMENT TO RESOLVE PROBLEMS WHICH MAY ARISE.

3. BOTH UCHIDA AND OGURA APPEARED CONFIDENT AGREEMENT WOULD BE INITIALED BY DECEMBER 20, IF NOT EARLIER, AND BOTH LOOKED FOR FORMAL SIGNING PRIOR TO END OF YEAR. OGURA SAID MANNER IN WHICH AGREEMENT WILL BE SIGNED NOT YET DECIDED AND MUCH DEPENDS ON CHINESE VIEWS THIS MATTER. PRESENT FONOFF THINKING IS THAT AGREEMENT BE SIGNED IN PEKING BY CHINESE MINISTER FOR FOREIGN TRADE AND JAPANESE AMBASSADOR. FONOFF ALSO CURRENTLY PLANNING SUBMIT ANY AGREEMENTS COMPLETED TO DIET NEXT YEAR FOR RATIFICATION AND DOES NOT AT PRESENT PLAN TO DELAY SUBMISSION IN ORDER PRESENT A PACKAGE.

4. REGARDING REMAINING THREE AGREEMENTS--AVIATION, SHIPPING, AND FISHING--OGURA MADE FOLLOWING COMMENTS. AVIATION AGREEMENT CURRENTLY STALLED OVER CHINA AIRLINES ISSUE AND THIS MATTER CAN ONLY BE RESOLVED POLITICALLY AT HIGHEST LEVEL. HE REPEATED USUAL JAPANESE STATEMENTS CONCERNING INTERNAL POLITICAL DIFFICULTIES THIS QUESTION RAISES IN JAPAN AND, WHILE NOT STATING SO EXPLICITLY, APPEARED HOPE PRC WOULD LET GOJ OFF HOOK ON THIS MATTER. HE DID NOT FORESEE ANY NEW INITIATIVES BY JAPANESE IN NEAR FUTURE TO BREAK IMPASS. SHIPPING AGREEMENT, WHICH SHOULD BE MORE SIMPLE THAN AVIATION AGREEMENT, IS BEING DELAYED PENDING SOLUTION OF AVIATION PROBLEM. CHINESE APPARENTLY CONCERNED THAT SHIPPING AGREEMENT COULD SERVE AS PRECEDENT WHICH WOULD ADVERSELY AFFECT THEIR POSITION ON AVIATION. OGURA STATED THAT GOJ LIMITED OFFICIAL USE

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FEELS UNDER NO PRESSURE ON FISHING AGREEMENT SINCE PRESENT NON-GOVERNMENTAL AGREEMENT RUNS THROUGH MIDDLE OF NEXT YEAR. HE THOUGHT NEGOTIATIONS ON FISHING WOULD START IN FEBRUARY-MARCH PERIOD.

5. COMMENT: GOJ OFFICIALS INVOLVED ARE OBVIOUSLY PLEASED THAT AT LEAST ONE OF FOUR AGREEMENTS MENTIONED IN JOINT COMMUNIQUE APPEARS LIKELY TO BE COMPLETED THIS YEAR. WHILE

THEY DO NOT EXPECT ANY SIGNIFICANT IMPROVEMENT IN TRADE AS  
RESULT OF AGREEMENT, GOJ CAN USE COMPLETION OF TRADE  
AGREEMENT AS EVIDENCE OF CONTINUED PROGRESS IN NORMALIZATION  
OF RELATIONS WITH PRC. SHOESMITH

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